



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0316	Title:	Clarify taxation of agricultural parcels reduced by state eminent domain
Primary Sponsor:	Elliott, Jim	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$105)	(\$105)	(\$86)	(\$89)
State Special Revenue	(\$7)	(\$7)	(\$5)	(\$6)
Net Impact-General Fund Balance	<u>(\$105)</u>	<u>(\$105)</u>	<u>(\$86)</u>	<u>(\$89)</u>

Description of fiscal Impact:

This bill will allow agricultural land less than 20 acres to continue to qualify as agricultural land if the reduction in acreage was due to eminent domain proceedings and the parcel had not been further split.

FISCAL ANALYSIS

Assumptions:

1. Based on a report prepared for the legislative environmental quality council, the state condemned an annual average of 30 property parcels between 1993 and 1997. The number of these parcels which were 20 acre agricultural land is unknown.
2. Assuming that one parcel a year will meet the bill criteria of a 20 acre agricultural parcel reduced in size due to eminent domain, the revenue impact will be the difference in taxable value if the parcel was assessed as Class 3 agricultural land and Class 4 tract land.
3. An analysis was done on agricultural and tract land records from the Department's 2006 property database system where both acreage and taxable value were recorded. The analysis found the average per acre

value for Class 3 non-qualified agricultural land (20-160 acres) was \$344.20 versus an average of \$418.41 per acre value for Class 4 tract land.

4. Section 2 indicates this bill will apply to property tax years beginning after December 31, 2006. Growing the average taxable value per acre based on HJR 2 growth rates for Class 3 and Class 4, the estimated average value per acre value will be as follows:

TY	FY	Class 3	Class 4
2006	2007	\$344.20	\$418.41
2007	2008	\$355.01	\$431.55
2008	2009	\$365.91	\$431.26
2009	2010	\$376.92	\$444.24
2010	2011	\$388.27	\$457.61

5. Assuming each year a single parcel was reduced due to condemnation from 20 acres to 19 acres, the taxable value loss will be \$1,099 ($19 \times \$431.55 - 20 \times \355.01) in FY 2008, \$1,099 ($19 \times \$431.26 - 20 \times \365.91) in FY 2009, \$902.07 ($19 \times \$444.24 - 20 \times \376.92) in FY 2010, and \$929 ($19 \times \$457.61 - 20 \times \388.27) in FY 2011.
6. General fund revenue is generated by the 95 statewide mill levy and the 1.5 college of technology mill levy. The combination of these mills yields a 95.54 statewide mill levy. General fund revenue loss will be \$105 ($\$1,099 \times 0.009554$) in FY 2008, \$105 ($\$1,099 \times 0.009554$) in FY 2009, \$86 ($\902×0.009554) in FY 2010, and \$89 ($\929×0.009554) in FY 2011.
7. University system revenue is generated by 6 mills. University system revenue loss will be \$7 ($\$1,099 \times 0.0006$) in FY 2008, \$7 ($\$1,099 \times 0.0006$) in FY 2009, \$5 ($\902×0.0006) in FY 2010, and \$6 ($\929×0.0006) in FY 2011.
8. The average local government and schools mill levy in calendar year 2006 was 425.3. Local government and schools mill levies grew 4.15% annually from calendar year 2000 through calendar year 2006. It is assumed that this rate of growth will continue. The statewide local government and schools mills levy revenue loss will be \$486 ($\$1,099 \times (0.425 \times 1.0415)$) in FY 2008, \$507 ($\$1,099 \times (0.425 \times 1.0415^2)$) in FY 2009, in FY 2009, \$433 ($\$902 \times (0.425 \times 1.0415^3)$) in FY 2010, and \$465 ($\$929 \times (0.425 \times 1.0415^4)$) in FY 2011.
9. The administrative expenses anticipated in association with this bill are minimal and the Department will absorb these costs within the existing budget.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Revenues:</u>				
General Fund (01)	(\$105)	(\$105)	(\$86)	(\$89)
State Special Revenue (02)	(\$7)	(\$7)	(\$5)	(\$6)
TOTAL Revenues	<u>(\$112)</u>	<u>(\$112)</u>	<u>(\$91)</u>	<u>(\$95)</u>

Effect on County or Other Local Revenues or Expenditures:

1. The statewide local government and schools mills levy revenue loss will be \$486 in FY 2008, \$507 in FY 2009, in FY 2009, \$433 in FY 2010, and \$465 in FY 2011.

Sponsor's Initials

Date

Budget Director's Initials

Date